



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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April 24, 2008

Mr. Frank Coe, Chief  
Beaumont Police Department  
660 Orange Avenue  
Beaumont, CA 92223-2253

Dear Mr. Coe:

**Final Audit Report: City of Beaumont Police Department—Motorcycle Traffic Program  
Grant Agreement PT0504**

Enclosed is the final audit report on the City of Beaumont Police Department's (City) Motorcycle Traffic Program grant agreement PT0504 for the period October 1, 2004 through December 31, 2006. The audit was performed under an interagency agreement between the Department of Finance, Office of State Audits and Evaluations, and the Office of Traffic Safety. Our audit included a review of grant revenue and expenditures, internal control, and compliance with grant contract provisions.

Except as noted in the *Findings and Recommendations* section of this report, we found the City complied with the fiscal requirements of its contract, and its revenue and expenditures were fairly stated. The finding pertains to instances of noncompliance. The City's response is included in the final report.

In accordance with Finance's policy of increased transparency, this report will be placed on our website.

We appreciate the City's assistance and cooperation with our audit. If you have any questions regarding this report, please contact Kim Tarvin, Manager, or Rich Hebert, Supervisor, at (916) 322-2985

Sincerely,

David Botelho, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Mr. William H. Terrell, Assistant Director of Administration, Office of Traffic Safety  
Sergeant John Schneider, City of Beaumont Police Department  
Mr. Bill Aylward, Director of Finance, City of Beaumont

City of Beaumont Police Department  
Motorcycle Traffic Program  
Grant Agreement PT0504

For the Period October 1, 2004  
through December 31, 2006

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

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## PREFACE

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The Department of Finance, Office of State Audits and Evaluations, performed this grant audit under an interagency agreement with the Office of Traffic Safety (OTS). The purpose of the audit was to determine whether the City of Beaumont Police Department (City) complied with the OTS grant agreement PT0504.

The audit objectives were as follows:

- To determine whether the City expended federal funds in accordance with the terms of the grant agreement and those provisions of law or regulations that could have a material effect on the financial statements or the grant.
- To determine whether the City's internal control allows for the accurate and timely development of accounting data needed to produce the *Statement of Revenue and Expenditures*.
- To verify the City's compliance with applicable laws, regulations, and contract requirements.
- To provide, as necessary, recommendations regarding the eligibility of funding and improving internal control.

This report is intended solely for the information and use of OTS and City management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

### **STAFF:**

Kimberly A. Tarvin, CPA  
Manager

Rich Hebert  
Supervisor

Kweku Atta-Mensah



## INDEPENDENT AUDITOR'S REPORT

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Mr. Frank Coe, Chief  
Beaumont Police Department  
660 Orange Avenue  
Beaumont, CA 92223-2253

We have audited the accompanying *Statement of Revenue and Expenditures* (Statement) of the City of Beaumont Police Department (City), in accordance with the Office of Traffic Safety's (OTS) grant agreement PT0504 for the period October 1, 2004 through December 31, 2006. The Statement was prepared from the City's records and is the responsibility of City management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 3, for the purpose of determining the City's fiscal compliance with the requirements of grant agreement PT0504. The Statement is not intended to be a presentation of the City's total revenue and expenditures.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenue and expenditures for grant agreement PT0504 for the period October 1, 2004 through December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

### **Compliance**

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Generally Accepted Government Auditing Standards*. These are described in the Findings and Recommendations section of this report.

## Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Statement that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of OTS and City management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.



David Botelho, CPA  
Chief, Office of State Audits and Evaluations  
(916) 322-2985

January 27, 2008

# STATEMENT OF REVENUE AND EXPENDITURES

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**City of Beaumont Police Department  
Motorcycle Traffic Program  
Grant Agreement PT0504  
For the Period October 1, 2004 through December 31, 2006**

<u>Description</u>	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$ 90,950	\$ 90,950	\$ 0
Expenditures:			
Personnel Costs	61,708	61,708	0
Travel Expense	737	737	0
Equipment Costs	28,505	28,505	0
Indirect Costs	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>90,950</u>	<u>90,950</u>	<u>0</u>
Excess of Revenue over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

# NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

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**City of Beaumont Police Department  
Motorcycle Traffic Program  
Grant Agreement PT0504  
For the Period October 1, 2004 through December 31, 2006**

**NOTE 1      Definition of the Reporting Entity**

The City of Beaumont (City), incorporated in 1912, is included in the Western Riverside County and governed by an elected City Council, exercising the powers specified by Section 6500, et seq. of the Government Code and the laws of California governing General Law Cities. The City's reporting entity includes all significant organizations and departments over which the City Council exercises oversight and budgeting responsibilities. The City's Police Department has general responsibility for this grant project.

**NOTE 2      Program Information**

The Business, Transportation, and Housing Agency's Office of Traffic Safety (OTS) is charged with the responsibility of obtaining and distributing federal funds in an effort to carry out the direction of the National Highway Safety Act. The federal funds are designed to mitigate traffic safety problems as defined by the Highway Safety Plan. Currently, there are eight program priority areas earmarked for grant funding: Alcohol and Other Drugs, Occupant Protection, Pedestrian and Bicycle Safety, Emergency Medical Services, Traffic Records, Roadway Safety, Motorcycle Safety, and Police Traffic Services.

**NOTE 3      Significant Accounting Policies**

**A.    Basis of Presentation**

The *Statement of Revenue and Expenditures* (Statement) was prepared from the City's accounts and financial transactions. The Statement summarizes the City's revenue and expenditures pertaining to grant agreement PT0504 for the period October 1, 2004 through December 31, 2006. This statement is not intended to represent all of the City's revenue and expenditures.



**B. Basis of Accounting**

The City's accounts are maintained on a cash basis. Under the cash basis, revenue is recorded as it is received, and expenditures are recorded at the time the liabilities are paid. Because the grant expenditures are paid on a reimbursement basis, maintaining the City's accounts on a cash basis did not affect the presentation of the Statements in conformity with generally accepted accounting principles.

**NOTE 4 Description of Grant Agreement PT0504**

The OTS awarded the City a \$90,950 grant for the period October 1, 2004 through December 31, 2006 to fund one motorcycle officer and one fully equipped motorcycle. The motorcycle officer was assigned to enforce traffic laws and the City was required to create media advocacy for its programs through media events and media ride-alongs to collectively reduce total fatal and injury collisions and promote awareness and practice of traffic safety.

## FINDINGS AND RECOMMENDATIONS

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During the audit of the City of Beaumont Police Department (City) grant agreement PT0504, the following instances of noncompliance with grant agreement requirements were identified.

### **FINDING 1                      Grant Objectives Not Met**

- Condition:                      The city did not meet 12 of the 22 (55 percent) objectives required by the grant agreement. As a result, some of the traffic enforcement activities and media events did not occur, which limited the impact of the grant to reduce total fatal and injury collisions and promote awareness and practice of traffic safety.
- Failure to comply with any term or condition of the contract agreement may result in withholding or disallowing grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.
- Criteria:                      Grant Agreement PT0504, Schedule A, describes 22 project objectives that were to be accomplished by the City as of the end of the grant period.
- Recommendation:            If the City obtains future grants from the Office of Traffic Safety (OTS), the City should develop an action plan to meet the project objectives as required by the grant agreement.

### **FINDING 2                      Late Submittal of Invoices and Quarterly Performance Reports**

- Condition:                      The City did not comply with the reporting requirements for the Project Claim Invoices, Quarterly Performance Reports (QPR), or Final Report as follows:
- Of the 9 Project Claim Invoices submitted, 6 were submitted between 92 and 227 days late.
  - Of the 8 required QPRs, 7 were never submitted, and the one QPR that was timely submitted was not in an acceptable format.
  - The final report was submitted 90 days late and did not include the required Executive Summary.
- Late or non-submittal of the project claim invoices, QPRs, and the final report prevents the OTS from effectively monitoring the City's performance of the grant requirements.

- Criteria:                   OTS Grant Program Manual Volume II, Chapter 7, Section 7.7 states that invoices are due no later than 30 days after the end of each quarter or partial quarter that the grant is active.
- OTS Grant Program Manual Volume II, Chapter 7, Section 7.3 states that one copy of the QPR must be provided to OTS no later than 30 days after the end of each quarter or partial quarter that the grant is active.
- OTS Grant Program Manual Volume II, Chapter 7, Section 7.5 states that one copy of the Final Report of grant accomplishments must be submitted to OTS no later than 60 days following the termination date of the grant.
- Recommendation:       If the City obtains future grants from OTS, the City should implement procedures to ensure that the Project Claim Invoices, QPRs, and final report are submitted within due dates established in the OTS Grant Program Manual.

R<sub>RESPONSE</sub>

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Police Department  
*City of Beaumont*

660 Orange Avenue  
Beaumont, CA 92223-2253  
Phone: (951) 769-8500 • Fax: (951) 769-8506

March 25, 2008  
Department of Finance  
Office of State Audits and Evaluations  
300 Capitol Mall, Suite 801  
Sacramento, Ca. 95814

To Whom it May Concern:

I have reviewed the Draft Audit Report: City of Beaumont Police Department – Motorcycle Traffic Program Grant Agreement PT0504. The following Findings were documented:

**Grant Objectives Not Met:**

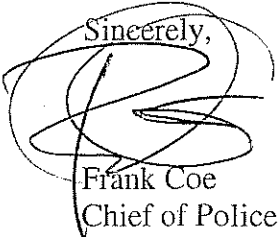
I concur with these findings. Due to low staffing levels during the grant period the City of Beaumont was unable to fulfill all 22 objectives required by the agreement.

**Late Submittal of Invoices and Quarterly Performance Reports:**

I concur with these findings. Due to personnel changes and training the City did not comply with all reporting requirements.

If the City of Beaumont obtains future grants from OTS, we shall implement the procedures necessary to ensure that this does not happen again. If you have any questions or concerns please feel free to contact me at (951) 769-8507.

Sincerely,



Frank Coe  
Chief of Police

## DOF Audit Details and Review

GRANT #	AUDIT #	AGENCY	YEAR AUDIT CONDUCTED	AUDIT STATUS	DATE FINAL REPORT	DATE CLOSEOUT LETTER MAILED	RESOLUTION DATE
PT0504	1	Beaumont	2007	Audit Closed	4/24/2008		4/24/2008

ITEM #	DATE	FINDINGS	RESPONSE
1	4/24/2008	FINDING 1 - GRANT OBJECTIVES NOT MET	Grantee concurs with finding: due to low staffing levels grantee was unable to fulfill all 22 objectives required by this agreement; grantee shall implement procedures necessary to ensure this does not happen in future grants
2	4/24/2008	FINDING 2 - LATE SUBMITTAL OF INVOICES/QUARTERLY REPORTS	Grantee concurs with finding: due to personnel changes and training the city did not comply with all reporting requirements; grantee shall implement procedures necessary to ensure this does not happen in future grants